

Congressman Ed Markey: Our first witness today is the Chairman of the Federal Energy Regulatory Commission, Jon Wellinghoff. At FERC, Mr. Wellinghoff works to open wholesale electric markets to renewable resources and promote greater efficiency in the nation's energy infrastructure. We look forward to hearing your testimony Mr. Wellinghoff. You may proceed.

Chairman Wellinghoff: Thank you Mr. Chairman.

Rep. Markey: Can you move that microphone in a little bit closer, please?

Wellinghoff: Thank you Mr. Chairman, Ranking Member Whitfield, members of the subcommittee. Thank you for the opportunity to appear before you today to discuss the Federal Energy Regulatory Commission's work on critical energy issues now facing our nation. I'll summarize my testimony, but I request that my full written remarks please be included in the record.

Rep. Markey: Without objection, so ordered

Wellinghoff: First I want to convey to this subcommittee, that it's my privilege and honor to serve as the head of, in my opinion, one of the most extraordinary agencies in the federal government. We have over 1,400 dedicated, highly skilled and extremely competent employees who come to work with the intent of making the energy delivery system in this country work better for the benefit of consumers. Those employees are focused on FERC's mission. As stated in the FERC Strategic Plan that I provided to Congress last fall, the Commission's mission is to assist consumers in obtaining reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means. Our employees work to fulfill this mission every day, and I'm so proud to work with them.

Fulfilling our mission involves two primary goals: first, promoting the development of safe, reliable and efficient energy infrastructure that serves the public interest, and second, overseeing rates, terms and conditions for wholesale sales in transmission of electricity and natural gas in interstate commerce. I'd like to highlight some of the steps the Commission is taking in pursuit of each of those goals.

To promote the development of safe, reliable and efficient energy infrastructure, the Commission is, among other actions, siting natural gas pipelines to bring new, low-cost gas supplies to markets that serve consumers' needs; siting hydropower projects to increase energy supply in markets; reviewing transmission planning cost-allocation interconnection processes for the electric grid so that new resources of supply can be efficiently and economically delivered to markets to serve consumers; using incentive based rate treatments in appropriate circumstances to encourage investment in transmission infrastructure, including advanced transmission technologies and facilities designed to connect location-constrained renewable energy resources to load centers; protecting the reliability of the grid; and facilitating the development of smart grid technology and standards that will increase efficiency, reliability and flexibility of the electric system.

In addition to overseeing rates, terms and conditions for the Commission jurisdiction services, the Commission is, among other actions, implementing Congressional policy that wholesale competition can provide benefits to consumers in all regions while respecting regional differences; instituting improvements to organized wholesale electric markets including enabling a wider range of resources to compete, thus delivering benefits to consumers; developing a National Action Plan on demand response that builds on the National Assessment of Demand Response Potential and will encourage the use of additional resources for the benefit of consumers; and pursuing a balanced approach to oversight and enforcement, including attention deterring market manipulation and promoting compliance with mandatory reliability standards for the bulk power system.

Each of my fellow Commissioners will [inaudible] discuss some of these important issues. First, I want to indicate for the Committee my apology; Commissioner Moeller left. He had to leave. Apparently there is a personal issue he has to deal with. His house is on fire is what he indicated to us, so he literally has an emergency, and I will do Commissioner Moeller's section with respect to hydropower and natural gas infrastructure. Commissioner Spitzer will discuss the operation of the organized wholesale electric markets and corresponding benefits for consumers, as well as other competitive market subjects to the Commission's jurisdiction. Commissioner Norris will discuss our nation's potential for demand response and the progress being made in some wholesale electric markets to harness that potential.

I truly enjoy working with my fellow Commissioners. They too, like our FERC staff, are dedicated to FERC's mission. The Commission's work is vital to achieving our nation's energy goals, including the need for energy security and the availability to our consumers of clean, affordable energy for our nation's economic revitalization. My colleagues and I, and each and every FERC professional and administrative staff member are committed to our agency's mission and to ensuring that consumers have access to those clean, affordable and reliable energy supplies they deserve. Thank you for the opportunity to appear before you. I'll be happy to answer any questions.

Rep. Markey: Thank you Mr. Chairman very much.